



**SCOTTSDALE CITY COUNCIL
AUDIT COMMITTEE
Public Meeting
Tuesday, December 7, 2004 - 3:00 pm
Kiva Conference Room, First Floor, City Hall
3939 N. Drinkwater Blvd
Scottsdale, AZ 85251**

AGENDA

CALL TO ORDER / ROLL CALL

MINUTES

1. Approval of March 2, 2004 Committee Meeting Minutes

GENERAL BUSINESS

1. Appointment of Audit Committee Chair

2. Audit Committee Administrative Issues

- a. Discuss role of the Audit Committee; historical context and future direction
- b. Provide direction to staff regarding future agenda preparation and role of Audit Committee
- c. Determine meeting schedule

3. Audit Reports

- a. Discuss Police Property Room Audit
- b. Discuss format of audit reports and solicit feedback on report presentation

4. Current Work Plan

- a. Discussion on status of audits underway
 - i. Audit of Safety Programs
 - ii. Immigration Reform and Control Compliance Act
- b. Initiation of audit work during the development of the Audit Plan for 2005

5. Discussion on the Development of Audit Plan for 2005

6. Discuss Staffing of Office in Light of Open Position

7. Budget

- a. Current Status of Budget
- b. Development of Budget for FY2005/2006

PUBLIC COMMENTS

COMMITTEE COMMENTS

ADJOURNMENT



Persons with a disability may request a reasonable accommodation, such as a sign language interpreter, by contacting the City Clerk's office at (480) 312-2412. Requests should be made as early as possible to allow time to arrange accommodation.

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Audit Committee Meeting Minutes March 2, 2004

Council Conference Room, Second Floor, City Hall
3939 N. Drinkwater Blvd.
Scottsdale, Arizona 85251

Members Present: Councilman Wayne Ecton
Councilman David Ortega

City Staff Present: Cheryl Barcala, City Auditor

Agenda Item 1: The meeting was called to order at 3:31 p.m.

Agenda Item 2: The minutes from the October 14, 2003 meeting were approved.

Agenda Item 3: Discussion of Reports Issued

3.a. Information Systems Help Desk (10/27/03)

Cheryl Barcala advised that the audit covered the response to requests for assistance. She stated that the dept agreed to make changes where needed and applied standardizations. Councilman Ecton felt the help desk did a good job and always responded appropriately. Councilman Ortega stated that the help desk always took care of his needs and were diligent in scanning and inventorying his equipment.

Councilman Ecton mentioned recommendation no. 3 and agreed that separate cost of programs within the department should be developed. Councilman Ortega agreed costs should be monitored so that expenditures do not get out of control.

3.b. Travel Expenditures Follow-Up (01/15/04)

Cheryl Barcala advised that this audit was a follow up of the 2000 audit. She stated that Financial Services has improved controls. She further explained that the audit was easy to conduct due to budget allocations restricting the amount of city travel. Minor housekeeping issues regarding signatures at the Police Department (discussed on page 2 of the report) are being corrected by consolidating forms used by the Police Department. Cheryl Barcala advised that the instances of high long distance charges would be rectified with the use of pre-paid calling cards.

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3.c. Preservation, Maintenance, Care and Disposition of Public Records (02/06/04)

Cheryl Barcala advised that the City Clerk is working diligently on an ordinance, that will require Council approval, that will set out the responsibility for the management of records. Currently the code contains only one paragraph that does not address City Clerk qualifications or the qualifications of the Deputy City Clerk or Records Manager. The current ordinance also does not address funding for the Clerk's Office to facilitate training or certifications. The Committee mentioned that the software package was on the Council agenda for approval. Councilman Ecton explained that records management is a problem in any city or company. Management needs to stay on top of the process, which can be defeated with changes in personnel. Councilman Ecton felt this is the beginning of a good program to get records under control and set the security levels on retrieval of documents. Councilman Ortega stressed the importance of numbering exhibits to know what could be missing, and he felt that new personnel with new eyes would provide a good review.

Cheryl Barcala discussed recommendation no. 5 regarding the Information Systems General Manager developing procedures that routinely delete e-mail and voice mail according to the retention periods set by paper records. She explained the e-mail server and personal files that individuals can utilize on their hard drives to save their e-mail. Councilman Ortega advised that he manages his e-mail by retaining his responses with the original e-mail and sorting issues by content. Councilman Ecton advised that many times an e-mail is forwarded to Brent Stockwell or Natalie Lewis, and the citizens are told that an educated response would be provided by knowledgeable staff. Council is copied on the responses citizens receive.

Cheryl Barcala advised that the City Manager is reviewing the draft ordinance, and the City Clerk will be recruiting a Records Manager to ensure that consistent retention periods thru records retention schedules are maintained throughout the City.

Councilman Ecton would like to discuss this issue again when the ordinance that states all qualifications and certifications for a good program is available for review.

3.d. Purchasing Card Follow-up Audit (02/13/04)

Cheryl Barcala advised that department managers scaled back the number of cardholders and transaction limits required justifications. Two recommendations were made: the requirement for supervisor training and procedures for canceling terminated employees' cards.

Councilman Ecton questioned whether supervisors were reviewing the purchasing logs and if purchasing personnel were using the cards and what their

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limits were. Cheryl Barcala replied that buyers have a \$20,000 limit on their purchasing cards.

Cheryl Barcala discussed that the current vendor, Bank of America, was on state contract, however, the state is changing vendors, and the City may conduct their own request for proposals (RFP) to select a new vendor. Councilman Ecton advised that he would encourage the City to conduct their own research and RFPs. Cheryl Barcala reminded the Audit Committee that an audit of other jurisdiction contracts for goods and services is on the 2002/03 audit plan and is currently underway.

Agenda Item 4: Discuss Status of Audits

4.a. Self-funded Insurance

Cheryl Barcala advised that this audit has been sent to management for their comments and is due back in the auditor's office in about 10 days. In response to Councilman Ecton's request for an overview, Cheryl Barcala discussed the over funding of the risk fund and the concerns with the actuarial study that is done every year. She believes the actuarial numbers and reasons for reserves should be presented to Council in detail before the budget is approved.

4.b. Use of Other Jurisdiction Contracts

Cheryl Barcala stated that this audit will not look at whether the City got the best buy but will determine if adequate procedures and justifications are in place. Councilman Ecton asked if any guidelines were in place to assist minority companies. Cheryl Barcala replied that she was aware of environmental preferences only. Councilman Ortega discussed his meetings with Don Logan regarding minority assistance preferences that are already in place with the state that the City follows.

Cheryl Barcala advised that a meeting would be held with purchasing managers on Thursday to discuss the results of the fieldwork.

4.c. Vulnerability Study Follow-up

This audit has been completed and is out for management response.

4.d. Police Property Room

Cheryl Barcala expressed concerns with the preliminary testing, and stated that she did not anticipate a good outcome. She discussed issues with the database and the inability to locate items that should be in the property rooms. Councilman Ecton stated that he was not surprised because the Police Department does not have an adequate facility for this function. He stated his concern was with the safekeeping of the drugs and weapons.

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4.e. Business Meals and Same Day Training Expenditures

Cheryl Barcala advised that the review of expenditures was almost complete and the auditors would start the asset management audit upon completion of the Business Meals and Same Day Training Expenditures audit.

Agenda Item 5: Audit Plan

The committee reviewed the 2002/2003 audit plan and discussed the following potential audits:

- 1) Risk Management
 - a. Compliance with City Ordinance
 - b. Safety Programs Cost and Effectiveness
 - c. Claims Administration
 - d. Process used to set premiums for Workman's Compensation and Liability
 - e. Use of Outside Attorneys for defense of claims
 - f. Verification of Annual Report
- 2) Collection and Use of Bed Tax Funds
 - Verify that funds collected have been properly recorded and used for purposes designated
- 3) Position Control
 - Determine if practices adhere to city ordinance requirements which set out an adoption of an annual Classification and Pay Plan setting for the titles, number of positions, and salary maximums for positions.
- 4) Public Art, Placement of Sculpture, and Use of the Percent for Arts
 - Verify the appropriation of percent for arts and the use of the funds
- 5) Purchasing Audit
 - Determine if procedures are sufficient to ensure that purchases adhere to code requirements
- 6) Streetlight Billings
 - Audit of billings for streetlights
- 7) Payroll
 - Test rate of pay, deductions to records
- 8) CDBG
 - Audit of program and expenditures
- 9) Vulnerability Assessment
 - Last assessment completed in Summer, 2002
- 10) Compliance with Fair Labor Standards Act
- 11) Water and Sewer Development Fees
- 12) Follow up of Records Audit
- 13) Follow up of Property Room Audit
- 14) Follow up of Take Home Vehicles

Regarding the proposed CDBG audit, Cheryl Barcala discussed her contact with Bobby Patterson. Ms. Patterson was concerned with the rehabilitation process and the confidentiality of information provided to many vendors. The issue of

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confidentiality controls to third party vendors was discussed with Judy Register. Councilman Ortega explained that the focus of this audit should be an inspection of reasonable cost percentages not being exceeded. Councilman Ecton stated that perhaps the citizen was more concerned with where and who the funds were allocated to.

Councilman Ecton stated that he doubted that the Auditor's Office could accomplish everything on this list. The Committee agreed to study the list of potential audits and finalize the audit plan at a later date.

Agenda Item 6: Other Projects

Cheryl Barcala informed the Committee about office staffing; one auditor going on a six to eight week medical leave, one auditor returning from a six week leave due to knee replacement surgery, and the resignation of the administrative secretary. Councilman Ortega inquired the status of the auditor who was on a leave of absence. Cheryl Barcala explained that the leave was managed well with shorter assignments out of the office and the effective use of holidays.

Agenda Item 7: Public Comment

There was no public in attendance for comment.

Agenda Item 8: Closing Comments/Questions for Staff

Agenda Item 9: Adjournment

The meeting was adjourned at 4:29 p.m.

Respectfully submitted,

Jeri Futo

DIVISION 6. CITY AUDITOR

Sec. 2-117. Establishment; qualifications.

- (a) The office of city auditor of the city is hereby established. The city auditor shall be designated through appointment by a majority vote of the city council.
- (b) The city auditor shall be a person able to manage a professional audit staff, analyze financial records, evaluate operations for economy, efficiency and program results.
- (c) The city auditor shall not be actively involved in partisan political activities or the political affairs of the city.
- (d) The city auditor should be a certified internal auditor (CIA), certified public accountant (CPA), or a certified management accountant (CMA). If he or she is not so certified, then at least one (1) deputy should be so certified.
- (e) The city auditor shall serve at the pleasure of the city council, but can only be removed by a majority vote of the city council.
- (f) The city auditor and the city auditor's office shall adhere to generally accepted government auditing standards (GAGAS) in conducting its work and will be considered independent as defined by those standards.
- (g) The city auditor shall have such assistants and employees as are necessary to perform duties required by the city council.

(Ord. No. 2236, § 1, 5-1-89)

Sec. 2-118. Audit committee.

An audit committee is hereby established to consult with the city auditor regarding technical issues, to work to assure maximum coordination between the work of the city auditor and the needs of the city manager, the other charter officers and to perform other duties as required or directed by the city council. The audit committee shall consist of three (3) members of the city council, who shall be appointed by the mayor, with the approval of the city council, as provided in section 2-23 of this Code.

(Ord. No. 2236, § 1, 5-1-89; Ord. No. 2304, § 1, 7-2-90; Ord. No. 2480, § 1, 9-14-92)

Sec. 2-119. Scope of audits.

(a) The city auditor shall have responsibility to conduct expanded scope audits of all departments, offices, boards, activities and agencies of the city to independently determine whether:

- (1) Activities and programs being implemented have been authorized by the city council, state law or applicable federal law or regulations;
- (2) Activities and programs are being conducted in a manner contemplated to accomplish the objectives intended by the city council, state law or applicable federal law or regulations;
- (3) Activities or programs efficiently and effectively serve the purpose intended by the city council, state law or applicable federal law or regulations;
- (4) Activities and programs are being conducted and funds expended in compliance with applicable laws;
- (5) Revenues are being properly collected, deposited and accounted for;
- (6) Resources, including funds, property and personnel, are adequately safeguarded, controlled and used in a faithful, effective and efficient manner;
- (7) Financial and other reports are being provided that disclose fairly and fully all information that is required by law, that is necessary to ascertain the nature and scope of programs and activities and that is necessary to establish a proper basis for evaluating the programs and activities;
- (8) During the course of audit work, there are indications of fraud, abuse or illegal acts; and
- (9) There are adequate operating and administrative procedures and practices, systems or accounting internal control systems and internal management controls which have been established by management.

(b) Audits shall be conducted in accordance with generally accepted government auditing standards applicable to financial and performance audits.

(c) The city auditor shall not conduct or supervise an audit of an activity for which he/she was responsible or within which he/she was employed during the preceding two (2) years.

(Ord. No. 2236, § 1, 5-1-89)

Sec. 2-120. Annual audit plan.

(a) At least annually, the city auditor shall submit an audit plan to the audit committee for review and recommendation, and the city council for review and approval. The plan shall include the departments, offices, boards, activities and agencies scheduled for audit during the year. This plan may be amended during the year after review by the audit committee. Additionally, the city auditor may spontaneously initiate and conduct any other audit deemed necessary or as directed by the city council.

(b) In the selection of audit areas, the determination of audit scope and the timing of audit work, the city auditor should consult with federal and state auditors and independent auditors so that the desirable audit coverage is provided and audit effort may be properly coordinated. The city auditor should consult with the city manager and other charter officers in a similar fashion to enhance audit coverage and improve audit coordination.

(Ord. No. 2236, § 1, 5-1-89; Ord. No. 2304, § 2, 7-2-90; Ord. No. 2480, § 2, 9-14-92)

Sec. 2-121. Special audits.

(a) The city manager may request the city auditor to perform special audits that are not included in the annual audit plan. After consultation with the audit committee, a special audit requested by the city manager may become an amendment to the annual audit plan.

(b) The city auditor shall submit the report of the special audit to the city manager and the audit committee.

(Ord. No. 2236, § 1, 5-1-89; Ord. No. 2304, § 3, 7-2-90; Ord. No. 2480, § 3, 9-14-92)

Sec. 2-122. Funding.

Sufficient funds shall be provided to carry out the responsibilities specified herein. The city auditor's salary shall be set by the city council and reviewed annually. The audit committee shall make recommendations to the city council concerning the city auditor's annual review.

(Ord. No. 2236, § 1, 5-1-89; Ord. No. 2304, § 4, 7-2-90; Ord. No. 2480, § 4, 9-14-92)

Sec. 2-123. Records.

The city auditor shall retain for at least three (3) years a complete file of each audit report and each report of other examinations, investigations, surveys and reviews made under city council authority. The file should include audit work papers and other supportive material directly pertaining to the audit report.

(Ord. No. 2236, § 1, 5-1-89)

Sec. 2-124. Access to records and property.

All officers and employees of the city shall provide the city auditor with free and open access to and shall furnish the city auditor with requested information and records within their custody regarding powers, duties, activities, organization, property, financial transactions and methods of business required to conduct an audit or otherwise perform audit duties. In addition,

they shall provide free and open access for the city auditor to inspect all property, equipment and facilities within their custody.

(Ord. No. 2236, § 1, 5-1-89)

Sec. 2-125. Agency response.

A final draft of the audit report will be forwarded to the audited agency and the affected charter officer for review and comment regarding factual content before it is released. The agency must respond in writing specifying agreement with audit findings and recommendations or reasons for disagreement with findings and/or recommendations, plans for implementing solutions to identified problems and a time table to complete such activities. The response must be forwarded to the city auditor within thirty (30) calendar days. The city auditor will include the full text of the agency's response in the report.

(Ord. No. 2236, § 1, 5-1-89)

Sec. 2-126. Audit reports to city council.

- (a) Each audit will result in a written report.
- (b) The city auditor shall submit each audit report to the city council and shall retain a copy in his/her office as a permanent record. A copy shall be filed with the city clerk and the city public library. A copy of each report shall be transmitted to the city manager.
- (c) If appropriate, the audit report shall contain the professional opinion of the city auditor or the contract auditor concerning the financial statements issued by the department, board or agency; or if the audit is an expanded scope audit, the report will contain the professional conclusions of the audit regarding the management activities audited.
- (d) The city auditor shall include in the audit reports:
 - (1) A precise statement of the scope encompassed by the audit;
 - (2) A statement that the audit was performed in accordance with generally accepted government auditing standards;
 - (3) A statement that an examination for compliance with applicable laws, policies and regulations was conducted and presentation of the findings associated with that examination is included;
 - (4) A statement of the significant audit findings, including a statement of the underlying cause, evaluative criteria used and the current and prospective significance of the findings;
 - (5) A statement that internal control systems were examined where applicable and a report of any material weaknesses found in the internal control systems;
 - (6) Statements of response submitted by the audited department, board or agency relevant to the audit findings;
 - (7) A concise statement of the corrective actions previously taken or contemplated as a result of the audit findings and a time table for their accomplishment;
 - (8) Recommendations for additional necessary or desirable action.

(Ord. No. 2236, § 1, 5-1-89)

Sec. 2-127. Report of irregularities.

If the city auditor detects apparent violations of law or apparent instances of misfeasance or nonfeasance by an officer or employee or information that indicates derelictions may be reasonably anticipated, the city auditor shall report the irregularities in writing to the city council or, in the case of a special audit, to the city manager and to the city council. If the irregularity is criminal in nature, the city auditor shall immediately notify the appropriate chief prosecuting authority in addition to those previously cited.

(Ord. No. 2236, § 1, 5-1-89)

Sec. 2-128. Contract auditors, consultants and experts.

Upon approval of the city council during the budgetary process, the city auditor may obtain the services of certified or registered public accountants, qualified management consultants, or other similar experts necessary to assist the city auditor in the performance of his/her duties.

An audit that is performed by contract must be conducted by persons who have no financial interests in the affairs of the city or its officers. The city auditor will coordinate his/her efforts with accounting or other organizations employed under contract by the city and he/she will assist with audit related activities. Contracting for these audits will be awarded in accordance with established city contracting procedures.

(Ord. No. 2236, § 1, 5-1-89)

Sec. 2-129. Peer review.

The internal audit activities of the city auditor's office shall be subject to peer review at least once every four (4) years by a professional, nonpartisan objective group utilizing guidelines endorsed by the National Intergovernmental Audit Forum, the State Auditor's Association, National Association of Local Government Auditors, or the U.S. General Accounting Office. A copy of the written report of this independent review shall be furnished to each member of the city council.

The peer review will use generally accepted government auditing standards to evaluate the quality of audit effort and reporting. Specific peer review areas shall include staff qualifications, adequacy of planning and supervision, sufficiency of workpaper preparation and evidence, and the adequacy of systems for reviewing internal controls, fraud and abuse, program compliance, and automated systems. The peer review will also assess the form, distribution, timeliness, content, and presentation of internal audit reports. The city shall reimburse travel and living expenses for the peer review team from funds budgeted in the city auditor's budget.

(Ord. No. 2236, § 1, 5-1-89; Ord. No. 2325, § 1, 12-3-90)

Sec. 2-130. Reserved.

Office of the City Auditor
Audit Plan
2002/2003
(In priority order)

1) **City Funded Insurance Plans**

City Ordinance 14-102 requires that City contributions towards group insurance plans for health, life, and long-term disability be determined by City Council. Contributions, historically, have been determined by City staff and the lump sum cost of the programs is approved by Council as part of the budget process. No prior audits of this program.

2) **Minimum Accounting Standards Review**

The Arizona Supreme Court requires an external review of specific elements, at least triennially, to determine level of compliance with minimum accounting standards. The last review was completed May 2000, therefore, to remain in compliance it is time to conduct another review.

3) **City Compliance with State Records Retention Requirements**

ARS 41-1346 requires the head of each local agency to establish and maintain an active, continuing program for the economical and efficient management of public records. An audit of the City's Record Retention Program has not been conducted in the past 10 years.

4) **Use of Other Jurisdiction Contracts for the Purchase of Goods and Services.**

The City's Procurement Code provides that the Director of Purchasing may enter into contracts for the procurement of materials and services pursuant to specifications, solicitations, or contracts issued by other Arizona governmental entities. Such purchases shall be made pursuant to established rules. There have been no audits of this process to ensure that procurements handled through this process adhere to the intent of the Procurement Code.

5) **Risk Management**

Other than through the inclusion of expenditures as part of the City's annual external audit, there has been no independent audit of the expenditures paid from the City's self-funded risk fund.

6) **Asset Management**

In 1996, our office initiated an audit of the controls over real property owned by the City and concluded that an audit could not be completed. Management has informed us that recommendations from the 1996 audit have been completed, and they are requesting an audit to determine the adequacy of the controls. As part of this audit, we would include a review of non-real estate assets.

7) **Business Meeting Expenses**

The City has an Administrative Regulation governing use of City funds for business meetings. Employees are instructed to reflect the cost of these expenditures in an expenditure account "Business Training and Conferences." No prior audits of expenditures related to business meetings have been undertaken.

- 8) Long Distance Phone Use*
Audit of controls over the use of long distance to ensure that there is adequate oversight over the expenditure of City funds.
- 9) Police Department Property Room
Audit of controls at the Police Department as they relate to the Property Room.
- 10) Organizational Ethics and Training*
Audit of the City's Ethics Program and related training.
- 11) Controls Over the Use of Overtime
City management adopted a new overtime guideline effective 6/1/2000 in response to Council's concerns over the expenditure of City funds. Our intent is to audit compliance with this policy and the performance expectations presented to Council.

Follow-up Audits

- 1) Travel Audit
- 2) Purchasing Card
- 3) General Controls Review
- 4) Vulnerability Assessment

Our intent would be to follow up on the status of recommendations.

Information Systems Audits

- 1) Help Desk Function
This audit would evaluate the help desk function to ensure that sufficient controls are in place to monitor the activities associated with providing support to the City's computers and networks.
- 2) Controls Over the Use of the Computer Replacement Fund
The City has an established replacement program with funding available to replace the City owned computers and network. This audit would look at the replacement strategy, the calculation of replacement costs, and the use of funds set aside for this purpose.

Other Projects

Generally accepted auditing standards require that audit organizations have an established process for quality assurance. One way to demonstrate this quality assurance is through an external peer review. To remain in compliance, the City needs to have an external peer review every three years. The last review was completed in 1999 and included work completed in 1996, 1997 and 1998. The upcoming peer review would include work completed in 1999, 2000, 2001, and 2002.

*These items were deleted at the October 14, 2003 Audit Committee Meeting.

CITY OF SCOTTSDALE
MONTHLY EXPENDITURE REPORT
Line Item/Center

As of Period: 5 Nov

FYE: 2005

Run Date: 12/02/2004

---CURRENT---		---YEAR TO DATE---			-----FISCAL YEAR BUDGET-----					
Account	Description	Month Expenses	Approved Budget	Expenses	\$ Variance	% Var	Adopted Budget	Budget Adjustments	Approved Budget	Unexpended Budget
01070 CITY AUDITOR										
51100	FULL-TIME WAGES	35,890	204,660	197,844	6,816	3	532,133	0	532,133	334,289
51101	PART-TIME WAGES	0	0	0	0		0	0	0	0
51103	OTHER COMPENSATION	0	507	507	0		507	0	507	0
51120	RETIREMENT	2,046	11,910	10,771	1,139	10	30,969	0	30,969	20,198
51121	HEALTH/DENTAL	2,910	15,950	14,941	1,009	6	38,284	0	38,284	23,343
51122	FICA	2,506	15,630	14,642	988	6	40,642	0	40,642	26,000
51123	FRINGES - OTHER	221	3,053	2,930	123	4	5,107	0	5,107	2,177
Total 51 Personal Services		43,573	251,710	241,635	10,075	4	647,642	0	647,642	406,007
52130	CONSULTANTS	0	0	0	0		0	0	0	0
52160	AUDITING AND ACCOUNTING	0	0	0	0		0	0	0	0
52185	ADVERTISING	0	0	0	0		0	0	0	0
52190	OTHER PROFESSIONAL SERVICES	0	75	0	75	100	180	0	180	180
52210	POSTAGE AND SHIPPING	0	0	0	0		0	0	0	0
52220	TELEPHONE/BASE	0	3,081	3,081	0		3,081	0	3,081	0
52222	LONG DISTANCE	2	25	2	23	92	60	0	60	58
52225	CELLULAR PHONES	0	0	0	0		0	0	0	0
52230	OVERNIGHT TRAIN/BUSINESS CONF	0	0	0	0		0	0	0	0
52245	SAME DAY TRAINING/BUSINESS CON	1,875	1,488	3,951	-2,463	-166	5,950	0	5,950	1,999
52270	PRINTING & GRAPHICS SERVICES	0	318	137	181	57	1,275	0	1,275	1,138
52275	PHOTOCOPY CHARGES	0	1,487	1,487	0		1,487	0	1,487	0
52279	FILMING/MICROFILMING/RECORDS RE	11	0	232	-232		0	0	0	-232
52330	MAINTENANCE, BUILDINGS & STRUCT	0	0	0	0		0	0	0	0
52340	MAINTENANCE, OFF EQUIP & FURNITL	0	0	0	0		0	0	0	0
52350	SOFTWARE MAINT & LICENSING	0	0	1,952	-1,952		1,860	0	1,860	-92
52355	SOFTWARE MAINT & LIC (I.S. ONLY)	0	1,520	1,520	0		1,520	0	1,520	0
52420	INSURANCE & BOND PREMIUMS	0	0	78	-78		0	0	0	-78

CITY OF SCOTTSDALE
MONTHLY EXPENDITURE REPORT
Line Item/Center

As of Period: 5 Nov

FYE: 2005

Run Date: 12/02/2004

		---CURRENT---				---YEAR TO DATE---				FISCAL YEAR BUDGET			
Account	Description	Month Expenses	Approved Budget	Expenses	\$ Variance	% Var	Adopted Budget	Budget Adjustments	Approved Budget	Unexpended Budget			
52435	PROPERTY, LIABILITY & WORKERS' C	473	2,365	2,365	0	0	5,676	0	5,676	3,311			
52640	FREIGHT, STORAGE & TOWING	0	0	0	0	0	0	0	0	0			
52650	CAR ALLOWANCE/MILEAGE REIMBUF	300	1,588	1,368	220	14	3,814	0	3,814	2,446			
52800	SUBSCRIPTIONS & MEMBERSHIPS	0	1,540	1,391	149	10	3,699	0	3,699	2,308			
52805	CITY MEMBERSHIPS	0	0	350	-350		250	0	250	-100			
52820	DAMAGE CLAIMS	0	0	0	0	0	0	0	0	0			
52875	LICENSES & PERMITS	0	0	0	0	0	0	0	0	0			
52901	PRIOR YEAR CARRYOVER	0	0	0	0	0	0	0	0	0			
Total 52	Contractual Services	2,661	13,487	17,914	-4,427	-33	28,852	0	28,852	10,938			
53010	AGRICULTURE & HORTICULTURE SUF	0	0	0	0	0	0	0	0	0			
53020	OFFICE SUPPLIES	167	1,250	935	315	25	3,000	0	3,000	2,065			
53025	MINOR EQUIPMENT	0	0	0	0	0	0	0	0	0			
53030	EDUCATION & RECREATION SUPPLIES	64	299	435	-136	-46	899	0	899	464			
53045	MEETING REFRESHMENTS & SUPPLIES	0	0	0	0	0	0	0	0	0			
53055	SAFETY & INCENTIVE AWARD	0	0	0	0	0	0	0	0	0			
53060	PHOTOGRAPHIC & DUPLICATING SUP	0	0	0	0	0	0	0	0	0			
53090	OTHER OPERATING SUPPLIES	0	0	0	0	0	50	0	50	50			
53095	PURCHASING CARD EXPENSE	0	0	0	0	0	0	0	0	0			
Total 53	Commodities	231	1,549	1,370	179	12	3,949	0	3,949	2,579			
54350	CITY FORCE - OTHER	0	0	0	0	0	0	0	0	0			
54520	OFFICE EQUIPMENT & FURNITURE	0	0	708	-708		0	0	0	-708			
54522	COMPUTER EQUIPMENT	0	0	0	0	0	0	0	0	0			
Total 54	Capital Outlays	0	0	708	-708		0	0	0	-708			
Total: 01070	CITY AUDITOR	46,464	266,746	261,627	5,119	2	680,443	0	680,443	418,816			

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Description	Justification	Budgeted Amount
52350-Audit Leverage EVAL PCKG	Licenses: Audit software program that will be upgraded to a SQL version next year. The \$7,269 will be used to purchase a server, SQL seats for this Office, the operating system, and the utility necessary to run the new version. Our contacts in IS is Cindy Sheldon and Eric Wood.	\$900
54522-Audit Leverage EVAL PCKG	Hardware: Audit software program that will be upgraded to a SQL version next year. The \$7,269 will be used to purchase a server, SQL seats for this Office, the operating system, and the utility necessary to run the new version. Our contacts in IS is Cindy Sheldon and Eric Wood.	\$6,369
	XXXXXX subtotal	\$7,269
52130-Vulnerability Assessment EVAL PCKG	Outside consultant to conduct vulnerability assessment for the City network. The last independent assessment was completed in 2001 and significant changes have occurred since that time. More changes, such as migrating to Windows XP, will occur in 2005. In light of these changes as well as the rapid advances in technology, it would be prudent have another outside assessment completed.	\$49,500
52130-Peer Review Travel and Per Diem Costs	Government Auditing Standards require an external peer review at least once every three years. The last review was conducted in June 2003 and this budget amount provides funds for the airfare/hotel/per diem costs associated with a peer review.	\$1,500
	52130 subtotal	\$51,000
52245-Professional Organization Luncheons	Luncheons sponsored by professional audit organizations provide auditors with an opportunity to network with other professionals to stay abreast of changes in the auditing profession.	\$280
52245-Continuing Education	Government Auditing Standards require auditors to maintain professional competency through continuing education. At a minimum, every auditor should receive 80 hours of continuing education every 2 years. This request provides funding for each auditor to attend one local 2 day training opportunity.	\$4,753
52279-Filming/Microfilming/Records Retention	Storage for one box and possible retrieval	\$5,033
	52245 subtotal	\$100

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Description	Justification	Budgeted Amount
52350-Audit Leverage	52279 subtotal	\$100
	Maintenance fees for 8 software licenses.	\$1,860
52650-Car Allowance and mileage reimbursement	52350 subtotal	\$1,860
	Car allowance for City Auditor and projected mileage needs for 7 auditors.	\$4,100
	52650 subtotal	\$4,100
53030-Continuing Education	Self-study or group study coursework necessary to obtain balance of continuing education hours necessary to meet government auditing standards.	\$2,112
52800-AICPA-American Institute of Certified Public Accountants	Membership provides access to "Journal of Accountancy" and discounts on other materials such as the accounting and auditing guides that are necessary for audit work.	\$150
52800-AICPA-American Institute of Certified Public Accountants loose leaf subscription service for updates to Profession Standards & Accounting & Audit Guides	Maintaining a loose leaf subscription service for updates to generally accepted auditing standards and industry guides ensures that the Office has current reference materials when work must comply with AICPA Standards.	\$689
52800-ASCPA-AZ Society of Certified Public Accountants	Membership provides access to local training opportunities offered by the Arizona Society of Certified Public Accountants	\$115
52800-AZ State Board of Accountancy-Biennial	Biennial registration fee for City Auditor. State law requires payment of a registration fee to maintain current status of CPA certificate. If current status is not maintained, the Office will need to decline work that is required to be conducted by a certified public accountant.	\$300
52800-Computer Security Institute	Membership provides access to information regarding computer & network security and discounts for training.	\$224
52800-IIA-Institute of Internal Auditors	Group membership to this professional organization provides access to audit related materials and discounts on training. When membership is maintained, the four certified internal auditors in the Office can renew their professional certification (CIA) designation without additional cost.	\$555
52800-ISACA-Information Systems Audit & Control Association	Membership in this professional organization provides access to materials such as the "Information Systems Auditing Standards" and discounts on materials and training.	\$180

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Description	Justification	Budgeted Amount
52800-West Group	City ordinance requires audit work to include an examination for compliance with applicable laws, policies and regulations. As such, it is often necessary to research Arizona Revised Statutes. Maintaining an annotated hard copy version of the Statutes provides insight into previous wording if a change is made.	\$2,000
	52800 subtotal	\$6,325
52805-NALGA-National Association Of Local Government Auditors	Annual membership in the Nat'l Assn. of Local Gov. Auditors is a requirement to participate in the voluntary Peer Review process. Membership also provides access to reference materials.	\$350
	52805 subtotal	\$350
53020-Office Supplies	Required to support staff with needed paper and office supplies to maintain a fully functioning office.	\$3,000
	53020 subtotal	\$3,000
53030-Educational Materials	Funding to obtain updates to technical reference materials. These reference books assist in preparation of evaluation criteria and provide guidance on completion of audit work.	\$500
	53090 subtotal	\$500
54520-Office Chair	Replace one office chair that is broken.	\$708
	54520 subtotal	\$708
	TOTAL	\$72,976